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SUBJECT: NEDBANK - SOUTH AFRICA'S GREENEST BANK

PRETORIA 00001483 001.2 OF 002

¶1. Summary. Environment, Science and Technology FSN met in mid-June with Nedbank Group Executive Chief of Governance and Compliance Advocate Selby Baqwa and Senior Manager Briggete Burnett in June 2008 to discuss Nedbank's environmental and sustainability programs. The officials advised that Nedbank is the first and only bank in Africa to subscribe to the Equatorial Principle. The bank has partnered with World Wide Fund for Nature/South Africa (WWF-SA) and the World Bank (WB) to found the Green Trust (GT) to protect and conserve the environment. Nedbank holds awareness campaigns, sponsors training programs and has established Nedbank Affinity Accounts, which contribute funds to environmental and sustainability projects. Nedbank has conducted a carbon audit and published the results with the Carbon Disclosure Project. Foreign-based branches also participate in Nedbank's "green activities." End Summary

¶2. Environment, Science and Technology FSN met in mid-June with Nedbank Group Executive Chief of Governance and Compliance Advocate Selby Baqwa and Senior Manager Ms. Briggete Burnett in June 2008 to discuss Nedbank's environmental and sustainability programs. Burnett said sustainable banking was an integral part of Nedbank's business. Baqwa noted that Nedbank is involved in numerous "green" programs and has projects involving staff, clients, government, NGOs and other business partners.

Nedbank - Signatory to the Equatorial Principle

¶3. Nedbank is the only bank on the African continent that has adopted the Equator Principle (EP). The EP was negotiated in October 2002 by a small number of banks working with the World Bank's International Finance Corporation. The EP acts as a banking industry framework for addressing environmental and social risks in project financing. The EP was formally launched in June 2003 and forty financial institutions adopted it over the three-year implementation period. A revised EP was released in July 2006 with final adoption and implementation in January 2007. A financial institution adopts the EP by submitting an adoption form, announcing adoption in a press release, and reporting publicly all EP implementation.

¶4. Baqwa noted that Nedbank had been conducting environmental, social, political and reputation assessments before financing a project even before adopting the EP. Nedbank has financed fourteen EP projects since adoption. Burnett advised that Nedbank was the first African bank to join and co-chair the UNEP Financial Initiatives (UNEPFI) African Task Force (ATF), the sustainable and environmental responsibility project established to address African climate change challenges.

----- Staff Involvement in Green Activities -----

¶5. Baqwa and Burnett both noted that one of Nedbank's key goals is to ensure effective staff engagement in environmental and sustainability activities, including developing an environmental management system for all branches. Nedbank developed a sustainability target list and completed procurement training incorporating environmental guidelines in 2007. Baqwa noted that the bank wants to increase its involvement in events such as World Environment Day in June, and Deep Green Day in September.

----- Q----- Greening with the Customers - Affinity Accounts -----

¶6. Burnett advised that Nedbank founded the Green Trust (GT) in 1990 in partnership with the WWF-SA and the WB. She said the GT's main activities include rehabilitating the environment and protecting bio-diversity, ecology and endangered species. Other projects involve community-based education and conservation of forest and water resources. In total, GT supports over 150 major conservation and socio-economic projects.

¶7. Baqwa said Nedbank created Green Affinity accounts, environmentally-focused bank accounts that donate money to GT projects based on clients' financial activities. Bank clients do not pay any extra premium other than the normal services fees. Nedbank makes an initial R2.50 (\$0.30) donation for every Green Affinity savings account opened. A percentage of charges made using Nedbank Green Affinity credit cards is donated monthly to the GT fund at no cost to customers. Nedbank has donated over R100 million

PRETORIA 00001483 002.2 OF 002

(\$12.5 million) to GT through its Affinity accounts.

----- Carbon Footprint Audit -----

¶8. Baqwa said Nedbank conducted carbon and energy audits in 2007, which resulted in the bank's first compilation of its carbon footprint. The Nedbank 2007 Sustainability and Transformation Report revealed that Nedbank produced direct carbon dioxide emissions of 572.41 metric tons (mt) in 2007, up from 417.05 mt in ¶2006. Emissions came from office air-conditioning systems, refrigeration gas refills and the bank's vehicles. Indirect carbon emissions from purchased electricity were 95,929,16 mt in 2007, up from 87,157,05 mt in 2006, while other indirect sources accounted for 26,695,76 mt. Collectively, Nedbank's carbon emissions peaked at 124,593,910 mt in 2007. Burnett noted that the bank had a climate change position statement, and was planning to set targets for future reductions. She added that an environmental committee met regularly to monitor the progress of the climate change program.

----- Energy Efficiency Efforts -----

¶10. Nedbank Group oversees an energy efficiency program, which involves retrofitting outlets to accept energy-efficient lights, lowering water heater temperatures (55F degrees), and replacing electricity with clean gas energy. Nedbank participated in the Carbon Disclosure Project, which encourages industries to disclose emissions and plans for addressing climate change issues. Nedbank established the Capital Greening Award in 2006 to acknowledge responsible mining and mineral extraction. Nedbank also set up a carbon finance team which assists projects in obtaining Clean Development Mechanism (CDM) financing.

Nedbank Efforts Reach beyond South Africa

¶11. Nedbank has over 40 branches in Lesotho, Malawi, Namibia, Swaziland and Zimbabwe, all of which have environmental sustainability programs. Nedbank has a branch in London, and has recently established one in Canada.

Comment: Nedbank - a potential partner for U.S. firms

¶12. Nedbank stands as an example of what the South African financial sector could do in the environmental sector. Nedbank officials say the bank is eager to invest in more environment and sustainability projects. Nedbank could be a useful partner for USG agencies or private companies seeking investments or financing for climate change mitigation or adaptation activities.
Bost